GA1.13:GGD-88-42FS

MAR - - 1988

United States General Accounting Office

GAO

Fact Sheet for the Honorable
John Miller, House of Representatives

February 1988

EMPLOYEE TRAVEL

Authority and Rationale for Limitations on Travel Advances

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GAO/GGD-88-42FS

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United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-223793

February 26, 1988

The Honorable John Miller
House of Representatives

Dear Mr. Miller:

This fact sheet, prepared in response to your July 1, 1987, request letter and subsequent discussions with your office, concerns federal travel regulations that limit the travel advances federal employees receive in connection with official travel. According to General Services Administration (GSA) and Department of the Treasury officials, limitations on employees' travel advances were imposed to help reduce the governmentwide total of travel advances outstanding, thereby resulting in savings to the government.

As agreed with your office, this fact sheet describes the authority and rationale for (1) GSA regulations that limit federal employees' travel advances to 80 percent of estimated expenses and (2) Treasury policy guidelines that encourage, but do not require, federal agencies to limit travel advances to no more than $25 per day if the employee has been issued a GSA-approved charge card for official travel expenses. It also discusses the travel advance policies and procedures of the six nondefense agencies that have the largest estimated travel budgets for fiscal year 1988.

Our work, carried out between August 1987 and January 1988, was limited to examining applicable laws, administrative regulations, and selected agencies' implementing regulations pertaining to travel advances, and discussing those matters with responsible agency officials. We did not determine whether, or to what extent, limitations on travel advances are financially burdensome for federal employees. Also, we did not consider or evaluate alternative actions, other than travel advance limitations, that could be used to reduce outstanding travel advances.

GSA and Treasury officials said that reductions in outstanding travel advances could result in savings to the government by avoiding interest payments on the funds that otherwise would have to be borrowed to finance those advances. However, neither GSA nor Treasury has yet collected data on governmentwide travel advance balances before and after the imposition of these travel advance

limitations. Accordingly, there are no data readily available to determine whether or not travel advance limitations have actually resulted in savings to the government.

Subchapter I of chapter 57, title 5 of the United States Code provides authority for the reimbursement of travel and subsistence expenses for most federal employees traveling on official business. Under the authority of 5 U.S.C. 5705 (1982), funds for official travel purposes in an amount considered "advisable" with regard to the character and probable duration of the travel may be advanced to the employee to help finance expected out-of-pocket travel expenses. However, the law does not contain criteria for determining how much money should be advanced.

By law, the Administrator of General Services is responsible for prescribing regulations for administering the travel laws. Once the Administrator issues such regulations under this statutory authority, they have the full force and effect of law. Before July 1, 1986, GSA's Federal Travel Regulations (FTR) allowed advances up to 100 percent of estimated travel expenses. Effective July 1, 1986, GSA changed the FTR to limit travel advances to no more than 80 percent of estimated expenses. The 80-percent limitation on travel advances is contained in FTR paragraph 1-10.3a. The current FTR language states that the amount of an employee's travel advance shall not exceed 80 percent of the minimum estimated expenses that the employee is expected to incur before reimbursement. The 80-percent limitation and certain other changes to the FTR were issued after GSA solicited and obtained comments from federal agencies on a draft of the changes, and after GSA obtained approval for the proposed changes from the Office of Management and Budget.

The Financial Management Service of the Department of the Treasury recommended a $25 per day limitation in an October 1, 1987, Advance Notice issued to the heads of government departments and agencies. The notice says that if an employee has been issued a charge card for travel, the agency should restrict the amount of any cash advance to no more than $25 per day except under unusual circumstances, such as when using a charge card would be impractical due to the remote travel location or if circumstances would cause the employee undue hardship.

GSA and Treasury officials contend that the limitations on travel advances are warranted because some employees have received advances that have exceeded their actual travel expenses, and the unspent amounts have remained outstanding

for an excessive time. GSA officials said this condition is illustrated by fiscal year 1979, 1980, and 1981 information GSA obtained from agencies and reported to Congress as required by Public Law 96-346. For example, GSA reported that travel advances outstanding as of September 30, 1981, totaled over $300 million; 41 percent were advances that had been outstanding for more than 90 days.

GSA does not have information more recent than the 1981 data. GSA officials said that GSA's prior authority to collect such governmentwide data expired with its fiscal year 1981 report to Congress. However, Public Law 99-234, approved January 2, 1986, requires that GSA collect and analyze data on agencies' total travel costs. By late 1988, GSA expects to have such data for fiscal years 1986 and 1987.

GSA and Treasury officials acknowledge that some employees could be financially burdened by a travel advance that is less than actual expenses. This could occur, for example, when an employee travels to a location where cash must be used for all travel expenses. The FTRs make no allowance for an advance greater than 80 percent under these conditions. The Treasury Notice, however, recognizes this as an unusual circumstance and a potential undue hardship that may warrant an exception to the $25 per day limitation. However, GSA and Treasury officials believe that most employees will not be burdened by the limitations if they obtain and use the GSA-approved charge card for lodging and other travel expenses, promptly submit their travel vouchers, and receive prompt reimbursement from their agencies for any expenses beyond the amount advanced. Further, these officials believe the limitations will encourage more employees to obtain and use the government charge card and to promptly submit their travel vouchers. In their opinion, the potential benefit of reducing the governmentwide outstanding travel advance balances outweighs the potential burden on some employees.

GSA and Treasury officials also believe that these limitations are consistent with the provisions of the United States Code concerning travel advances. As mentioned earlier, 5 U.S.C. 5705 states that an agency may advance a traveler a sum considered "advisable" with regard to the character and probable duration of the travel. GSA and Treasury officials said they believe this means that a travel advance is not an employee entitlement and that agencies have a primary obligation to keep advances to a minimum amount, consistent with the circumstances surrounding the travel.

Although the Treasury Notice is more restrictive than the FTR, they are not inconsistent. While specifying that an advance may not exceed 80 percent, the FTR states that when a traveler has been issued a GSA-approved charge card for official travel, advances shall be held to a minimum and allowed only when circumstances indicate that an advance is warranted. The provisions of the FTR and the Treasury Notice are also consistent with GAO's Manual for Guidance of Federal Agencies. Title 7, subsection 21.6 of the manual states that funds "may" be advanced to an employee and that, as a general rule, advances should be held to a minimum and allowed only when necessary.

The travel advance policies and procedures of the six civilian agencies we examined are not uniform. We examined the policies and procedures of the Departments of Agriculture, the Interior, Justice, State, Transportation, and the Treasury. Excluding the Department of Defense, these agencies accounted for the largest estimated travel expenditures in the Budget of the United States Government for fiscal year 1988; their aggregate estimated travel expenditures for fiscal year 1988 represent 55 percent of the total for all civilian agencies.

All six agencies' regulations limit employees' travel advances. Generally, the agencies limit advances to no more than 80 percent of estimated expenses; Transportation limits its employees' advances to 70 percent of estimated expenses. State's 80-percent limitation applies only to its regular civil service employees. The majority of State's employees are Foreign Service employees who are covered by its bargaining unit agreement and are authorized 100-percent advances.

Additionally, some agencies' regulations further limit travel advances if the employee has been issued or offered a GSA-approved charge card for official travel and is traveling to an area where the card is generally accepted. For example, the regulations of Agriculture, Interior, and Transportation generally limit travel advances to $25 per day if the employee has a government charge card; Interior and Transportation also apply the $25 per day limitation to employees who declined a charge card. Justice has a draft regulation that proposes limiting government charge card holders' advances to $25 per day. Treasury has a draft internal regulation that could limit the advances of its employees who use a GSA-approved charge card to less than 80 percent of estimated expenses.

We discussed the matters in this fact sheet with GSA and Treasury officials and have included their comments where appropriate. As agreed with your office, we are providing copies of this fact sheet to the Administrator of General Services and the Secretary of the Treasury, and to other interested parties upon request.

Sincerely yours,

L. Nye Stevens
Associate Director

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